

1 SB108
2 103222-1
3 By Senator Bedford
4 RFD: Finance and Taxation General Fund
5 First Read: 27-MAY-08

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8 SYNOPSIS: Under existing law, there is no provision
9 for retirees and beneficiaries receiving monthly
10 benefits from the Employees' Retirement System
11 (ERS) to receive a funded one-time lump-sum
12 addition to their retirement allowances.

13 This bill would provide such a payment to
14 certain retirees and beneficiaries under the ERS.
15

16 A BILL
17 TO BE ENTITLED
18 AN ACT
19

20 To provide for a funded one-time lump-sum addition
21 to the retirement benefits of certain retirees and
22 beneficiaries of the Employees' Retirement System.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. (a) There is provided for fiscal year
25 2008-2009, a funded one-time lump-sum payment, hereinafter
26 referred to as "the lump-sum payment," to each person, except
27 those whose employer participated in the Employees' Retirement

1 System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1,
2 Code of Alabama 1975, whose effective date of retirement for
3 purposes of receiving benefits from the Employees' Retirement
4 System is prior to October 1, 2008, and who is receiving or is
5 entitled to receive a monthly allowance from the Employees'
6 Retirement System on October 1, 2008.

7 (b) The formula for calculating the lump-sum payment
8 shall be one dollar (\$1) per month for each year of service
9 attained by the retiree.

10 (c) Beneficiaries of deceased members or deceased
11 retirees, except where the deceased member or deceased retiree
12 retired from an employer participating in the Employees'
13 Retirement System pursuant to Sections 36-27-6, 36-27-7, and
14 36-27-7.1, Code of Alabama 1975, if the date of death for the
15 deceased member, or the effective date of retirement for the
16 deceased retiree for purposes of receiving benefits from the
17 Employees' Retirement System was prior to October 1, 2008, and
18 if the beneficiary is receiving or is entitled to receive a
19 monthly allowance from the Employees' Retirement System on
20 October 1, 2008, shall receive the lump-sum payment defined in
21 Section 1.

22 (d) For purposes of this act, service includes the
23 service under Section 36-27-1 and Section 36-27-170 et seq.,
24 Code of Alabama 1975, but does not include state police bonus
25 credit or hazardous duty (FLC bonus) credit.

26 Section 2. (a) Each person whose employer
27 participated in the Employees' Retirement System pursuant to

1 Section 36-27-6, Code of Alabama 1975, whose effective date of
2 retirement for purposes of receiving benefits from the
3 Employees' Retirement System is prior to October 1, 2008, and
4 who is receiving or is entitled to receive a monthly allowance
5 from the Employees' Retirement System on October 1, 2008,
6 shall receive the lump-sum payment specified in Section 1, if
7 the employer elects to come under this act. Any employer
8 making the election to come under the act shall bear the cost
9 of the lump-sum payment paid to its retirees pursuant to this
10 section.

11 (b) If the employer elects to come under this act,
12 beneficiaries of deceased members or deceased retirees retired
13 from an employer participating in the Employees' Retirement
14 System pursuant to Section 36-27-6, Code of Alabama 1975,
15 shall receive the lump-sum payment provided in Section 1;
16 provided, however, that the beneficiary is receiving or is
17 eligible to receive a monthly allowance from the Employees'
18 Retirement System on October 1, 2008.

19 Section 3. (a) Each person whose employer
20 participated in the Employees' Retirement System pursuant to
21 Sections 36-27-7 and 36-27-7.1, Code of Alabama 1975, whose
22 effective date of retirement for purposes of receiving
23 benefits from the Employees' Retirement System is prior to
24 October 1, 2008, and who is receiving or is entitled to
25 receive a monthly allowance from the Employees' Retirement
26 System on October 1, 2008, shall receive the lump-sum payment
27 stipulated in Section 1. Any employer making the election to

1 come under the act shall bear the cost of the lump-sum payment
2 paid to its retirees pursuant to this section.

3 (b) If the employer elects to come under this act,
4 beneficiaries of deceased members or deceased retirees of
5 employers participating in the Employees' Retirement System
6 pursuant to Sections 36-27-7 and 36-27-7.1, Code of Alabama
7 1975, shall receive the lump-sum payment stipulated in Section
8 1.

9 Section 4. (a) Any retired pensioner or annuitant
10 who retired from a city, town, county, or public or
11 quasi-public organization of the state before the city, town,
12 county, or public or quasi-public organization of the state
13 became a member of the Employees' Retirement System, and who
14 is receiving or is entitled to receive a monthly allowance
15 from the Employees' Retirement System on October 1, 2008,
16 shall receive the lump-sum payment stipulated in Section 1,
17 provided the employer elects to come under the provisions of
18 this act. Any employer making the election to come under the
19 act shall bear the cost of the lump-sum payment paid to its
20 retirees pursuant to this section and provide the Employees'
21 Retirement System with the number of years of creditable
22 service earned by each of its eligible annuitants and
23 pensioners.

24 (b) Beneficiaries of Employees' Retirement System
25 pensioners or annuitants described in subsection (a) shall
26 receive the lump-sum payment, provided the date of death for
27 the deceased pensioner or annuitant or the effective date of

1 retirement for the deceased pensioner or annuitant was prior
2 to October 1, 2008, and the beneficiary is receiving or is
3 entitled to receive a monthly allowance from the Employees'
4 Retirement System on October 1, 2008, and the local unit
5 elects to fund the lump-sum payment and provides the
6 Employees' Retirement System with the number of years of
7 creditable service earned by each of its eligible annuitants
8 and pensioners.

9 Section 5. Any pensioner or annuitant who retired
10 from a city, town, county, or public or quasi-public
11 organization of the state before the city, town, county, or
12 public or quasi-public organization of the state became a
13 member of the Employees' Retirement System and is receiving a
14 monthly benefit on October 1, 2008, not administered by the
15 Employees' Retirement System may receive the lump-sum payment
16 stipulated in Section 1, provided the retired employee retired
17 prior to October 1, 2008, and the employer decides to come
18 under the provisions of this act and fund the lump-sum payment
19 and provides the Employees' Retirement System with the number
20 of years of creditable service earned by each of its eligible
21 annuitants and pensioners.

22 Section 6. The Board of Control of the Employees'
23 Retirement System shall make all reasonable efforts to notify
24 any employer who participated in the Employees' Retirement
25 System and has withdrawn from participation by the effective
26 date of this act that the lump-sum payment stipulated in

1 Section 1 is available to their retirees and beneficiaries
2 provided the employer elects to fund the lump-sum payment.

3 Section 7. Any person who received benefits under
4 the Medicaid Program and whose eligibility for Medicaid
5 benefits would be impaired by the lump-sum payment provided by
6 this act shall not be entitled to receive the aforementioned
7 increase. Any person who subsequently applies for benefits
8 under the Medicaid Program and that person's eligibility to
9 receive benefits is impaired by the lump-sum payment provided
10 by this act, shall not be entitled to receive the increase
11 subsequent to the date that the member files application for
12 benefits under the Medicaid Program.

13 Section 8. The Board of Control of the Employees'
14 Retirement System shall determine the amount required to pay
15 the cost of the lump-sum payments provided under this act and
16 shall notify the chief fiscal officer of each employer of the
17 increases in the employer rate required to be paid to the
18 system. For the fiscal year beginning October 1, 2008 only,
19 each employer shall pay the increase in the employer rate in
20 the same manner and from the same source of funds as salaries
21 of active members are paid.

22 Section 9. The lump-sum payments provided under this
23 act shall be paid to all eligible recipients by the Employees'
24 Retirement System in December 2008.

25 Section 10. This act shall become effective October
26 1, 2008, following its passage and approval by the Governor,
27 or its otherwise becoming law.

